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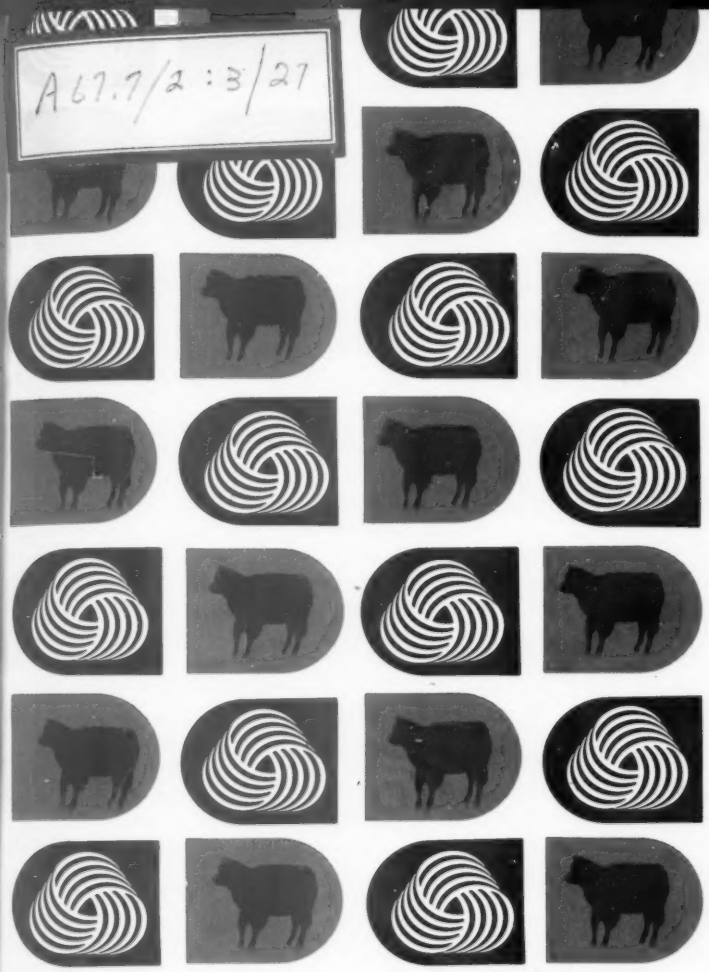

JULY 5, 1965

FUTURE OF OUR FARM TRADE WITH EUROPE

FARM PROBLEMS CHALLENGE KOREA'S NEW GOVERNMENT

INTERNATIONAL WOOL PROMOTION STEPPED UP

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

JULY 5, 1965

VOL III • NUMBER 27

The International Wool Secretariat uses Woolmark—the symbol incorporated in the cover design—to promote use of pure wool around the world. (See page 10.)

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Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

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What the Future Holds for Our Farm Trade With Europe

Current projections indicate that there will be some drop in the U.S. share of this market in 1970 but certain commodities will register a rise.

Two weeks ago U.S. agricultural attachés from all over Europe met in Dublin for a conference to discuss trends and developments affecting U.S. agricultural trade with Europe. Dr. Wilhelm Anderson *of USDA's Economic Research Service gave a key speech, excerpts of which follow.*

It would be hard to overemphasize the importance of Europe as a market for U.S. farm products: it buys more than half of all our cash agricultural exports, and in fiscal year 1964 it took $2.6 billion worth out of our total agricultural exports of $6.1 billion.

By area the figures are equally impressive. The European Economic Community took a record $1.3 billion; the European Free Trade Association $720 million; and the USSR and East European countries $312 million.

Western Europe's own trade in agricultural products is increasing. Between 1960 and 1963 agricultural exports from the region, including intra-European trade, rose from over $6.0 billion to $7.5 billion, and agricultural imports went from $17 billion to $19.4 billion.

Strong economic growth

Generally, European economic growth since World War II has been extremely rapid, and in several West European countries, quite extraordinary. The output of West Germany, Italy, Switzerland, Austria, Spain, and Greece grew faster than 5 percent annually during the 1950's. Our GNP grew 3.3 percent a year during the same period.

Western Europe's economic growth has continued at a rapid pace through 1964, despite a number of serious problems brought on mainly by inflation and balance-of-payments troubles. In 11 out of 16 countries the growth rate of the real gross national product was 5 percent or more. Nevertheless, inflation is a serious problem throughout Western Europe. By the end of last year, the cost-of-living index in nearly all the countries was from 3 to 10 percent above that of 1963.

Agriculture also expanding

Agricultural production in most countries in Western Europe has expanded a good deal faster than population. By 1949-50, it had regained prewar levels, and since then has continued to go up—this in the face of an almost unchanged agricultural area, a steady decline in farm employment, and only a moderate rise in livestock numbers.

In the EEC countries—which account for about two-thirds of Western Europe's agricultural output—production has increased at an average rate of about 2.8 percent. Expansion has been slightly slower in the rest of northwestern Europe, but rather faster in some south European countries, where efforts to improve yields have only recently begun to bear fruit.

Since the war, Eastern Europe has made a major transformation in the structure and organization of agricultural production toward forced collectivization. However, the region's postwar agricultural development has been uneven and marked by retrogression because of the adverse effect of Communist policies, aggravated often by unfavorable weather. In 1964 the outstanding feature of the agricultural situation was the good recovery by the Soviet Union from its very low production of the previous year. In other East European countries, except Czechoslovakia, output was also up slightly.

Looking ahead to 1970

What is the future of U.S. agricultural exports to Europe?

For our *World Food Budget,* which was published last October, we made projections of consumption, production, and trade for the major food commodities for all the countries of Europe for 1970. According to these projections, we expect the countries of Northern Europe to take about 27 percent of U.S. food exports in 1970.

As a share, this will mean a drop from the 29 percent of 1959-61. However, we project absolute increases for imports of U.S. coarse grains, vegetable oil and oilseeds, fresh and processed fruits, fresh and processed vegetables, animal fats, nonfat dry milk, and meat other than poultry.

We expect Northern Europe to continue to export some wheat while importing both wheat and feed grains; but we expect our exports of wheat to Northern Europe to decline slightly from the 1959-61 level.

We project that Southern Europe's share of U.S. food exports will decline from about 8 percent in 1959-61 to 6 percent in 1970. Our projections of imports of U.S. coarse grains show a 184-percent increase from 1959-61, but partly offsetting this will be a decline of about 1.1 million metric tons in our wheat exports to Southern Europe.

We expect an improved market for vegetable oil and oilseeds and lard and tallow, and we project some gain in our exports of poultry products and dairy products to Southern Europe. In Eastern Europe, our wheat exports may decline while some other commodities may increase.

Factors affecting demand

In forecasting the demand for food, we considered the effects of population growth, income growth, and estimates of the income elasticity of demand for food.

We expect population to grow at annual rates of 0.7 percent in Northern and Southern Europe, 0.9 percent in Eastern Europe, and 1.3 percent in the USSR.

Income levels, together with income growth rates, influence the demand for food. People consume more food, and particularly higher quality and more expensive food, as their incomes grow. Increases in income per person generally result in increased consumption of such foods as meats, dairy products, fruits, vegetables, and sugar. However, the income elasticities of demand for all foods generally decline as the level of income increases.

Our projections of growth rates of per capita national income range from 3.2 percent for northern Europe to 4.3

percent for Southern Europe. Per capita incomes in the Communist subregions will probably show some improvement during the 1960's, although data for making comparable estimates are not available.

We expect that Northern Europe will upgrade its diet substantially. This area has a low population growth rate and a high rate of increase in per capita income. Per capita consumption of wheat and other starchy crops will probably drop as that of protein and fat increases.

Southern Europe and the USSR are likely to experience the greatest changes in diet quality by 1970. Lack of data makes reliable projections for the USSR difficult; however, analyses of current statistics and policies suggest that the quality of the Soviet diet by 1970 will have advanced only slightly less than in Southern Europe.

Assumptions for the EEC

For most areas, we assumed constant prices and therefore ignored price effects on both production and consumption, but the announced price intentions of the EEC make it necessary to consider price effects for that area.

Our main assumptions for handling price effects for the EEC countries included: (1) National grain prices gradually converging by 1970 but not reaching a common price; (2) a rise in the price of pork relative to poultry due to higher feed grain prices in most EEC countries; (3) cattle prices to rise relative to hogs and to milk; and (4) a relative decline in prices of poultry meat due to advanced production and processing technology. We assumed most other prices for the area would be constant.

The EEC grain price decisions promise to give sharply higher prices to the only producers in the Community capable of significant expansion—the French farmers. However, for several reasons, our projections do not take full account of the possible effect of the grain price decisions and other aspects of the Common Agricultural Policy. The grain price agreement had not been reached when we made our projections; also, many aspects of the EEC's policy remain to be determined. And, of course, we hope the GATT negotiations will influence our access to the Market. In any case, 1970 is too near for the full effects of the profound changes going on in the EEC.

The relative decline in prices of poultry in the EEC will stimulate consumption while the relative rise in pork prices will have the opposite effect.

Output projections

In making projections of production, we had to rely mainly on projections of trends with "judgment" adjustments for specific factors that we thought would significantly affect output by 1970.

In Western Europe, we expect the area planted to grains to decrease, and in all areas, we expect substantial increases in grain yields from improved technology.

A substantial increase in agricultural production is anticipated in the Soviet Union by 1970, although our projections indicate a somewhat slower growth rate than occurred in the years when the sown area was increased 30 percent. Also, our projections are substantially below Soviet plans for 1970. For our USSR projections, we assumed that the recent renewed emphasis on agriculture will continue throughout most of the decade. We expect about 75 percent of the planned fertilizer deliveries to agriculture will be realized.

It's the job of economists to look at the past and into the future and to make projections. In the *World Food Budget,* we brought to bear all the information we had, and all the expertise we could gather, within the limits of our resources. Yet these are times of great changes in Europe—changes in political, social and economic institutions, changes in policies, changes in technology, changes in economic power. Thus, we cannot feel very confident that the past, upon which we must largely depend for projecting the future, tells the relevant story.

Some uncertainties exist

A major uncertainty arises from our current trade negotiations. We are negotiating with the European Economic Community and other nations, in the Kennedy Round, to secure a substantial lowering of trade barriers. Success will provide a basis for an optimistic forecast of our agricultural exports to Europe; on the other hand, if we fail, much of our market may be imperiled.

Another important uncertainty is the future size of the EEC. The Community has received requests from at least 38 countries in Europe, Asia, and Africa—not counting dependencies—for discussions leading to membership or association or bilateral trade agreements. Agreements are in force, or have been initiated, with Greece, Turkey, and the 18 African signatories to the "AOC" Convention. Discussions with Austria and Nigeria are underway, and it is very likely that membership or association will be further extended in the future.

If all present applications for association were to obtain the preferences they have requested, the United States could suffer major discrimination against a large part of its agricultural exports to the EEC. Thus, our negotiations with the EEC in the Kennedy Round may eventually have a much greater impact than would be suggested by the present extent and circumstances of the EEC.

The underlying economic situation—those factors which we had in mind in making our projections for the *World Food Budget*—largely determine the overall market possibilities. There are other important factors too affecting our sales. One is the growing reputation for the quality of U.S. food and agricultural products, which is an asset that should pay off in the future. (An example of an important action in this field is the recent tightening of the official U.S. standards for grades of wheat.) Our markets can also be affected in an important way by food health laws and regulations, and in Europe today the trend is toward even more stringency in such controls.

P.L. 480 potential

On the other hand, the foreign market development program for U.S. farm products, initiated with P.L. 480 sales proceeds, is only 10 years old and has not yet reached its full potential. Such activities, if carefully planned and aggressively managed, can do much to bring our products to the attention of potential buyers; but the planning of long-run promotion programs should include consideration of the underlying supply-and-demand circumstances which are likely to bring about overall expansion or contraction of the markets for particular commodities. It should be easier to increase our exports to an expanding than to a contracting market.

Of course, other USDA efforts are also being made, and all these efforts are aimed at improving the lot of the U.S. farmer, the U.S. agricultural economy, and the economy of the country as a whole.

Farm Problems Challenge Korea's New Civilian Government

A dynamic agricultural economy has not yet been realized in South Korea but last year's record farm production was a good start toward this end.

The Republic of Korea made two significant forward steps in 1964: the new civilian government began its first year of operation and agricultural production rose to its highest level since establishment of the Republic. These two events had little relation to one another that year, but in the future, the direction of farm output could well mirror the new government's approach to such basic problems as the small amount of available land, poor soil fertility, the farmers' utter dependence on credit, and the continuing pressures of inflation.

South Korean output of staple foods in calendar 1964 (according to official Korean reports) hit a record 6.2 million tons, almost 27 percent over the previous high set in 1961. Increased acreage and larger yields accounted for big crops of grains, pulses, and potatoes.

Production of rice—still the mainstay of the country's farmers—rose to an alltime high of 3 million tons (polished basis) and that of barley and wheat was much improved over the disastrous 1963 outturn. Sweetpotatoes showed a phenomenal gain, almost 90 percent above the 1963 harvest; and soybean output rose because of good yields. Similarly, production of vegetables, fruits, and nuts is reported to have been exceptionally good, and progress was made in the livestock industry.

Largely responsible for these gains was the unusually good weather of 1964. There was also evidence of stepped-up efforts on the part of farmers and government to improve cultivation practices, use more and better-balanced fertilizer, and apply pesticides more effectively.

In 1964, Korea also made its first tangible inroad in the import-export gap. The ratio of imports to exports that year was about 3 to 1 as against 6 to 1 in 1960.

Fewer imports, more exports

Through the first 11 months of 1964, Korea's total imports were valued at $340.3 million, a sizable decline from the $560.3 million of 1963. The expenditure for agricultural imports that year has not been reported, but in 1962 and 1963, it amounted to about 25 percent of the total. Leading items brought in during those years were cereal grains, valued at $147 million, and raw cotton, $72 million. A large part of these moved from the United States under U.S. Government programs.

Korean exports in the first 11 months of 1964 rose to about $105 million from $87 million in all of 1963. About a third of the exports are generally foods, beverages, and agricultural raw materials. Largest of these are fish, rice, live animals, and silk.

Rice shipments, which fluctuate widely from year to year, totaled $2.27 million in the first 11 months of 1964 compared with $1.3 million in 1963.

The export of livestock also varies widely, depending on the availability for export and the market situation in Hong Kong. Livestock production is, however, a growing industry in Korea, as attested to by the sharp rise in exports of live animals since 1960—from $711,000 to $3.7 million in 1963. The export of meat and meat preparations is another offspring of the growing livestock industry. In 1962, when these exports first began, meat and meat preparations earned $61,000; in 1963, they brought in $227,000. To supply its infant livestock industry, Korea will probably be forced to import more grains in the future, thus offsetting somewhat the gain from livestock and meat exports.

Silk shipments have likewise made steady gains, from $1.3 million in 1960, to over $5.0 million in 1963, and to $5.46 million in the first 11 months of 1964. An important outgrowth of the sericultural industry is the manufacture and export of silk products.

Other agricultural exports by Korea include mushrooms —a possible big export of the future—and Korean ginseng.

Subsistence farming predominates

While the 1964 expansion in both exports and production has given cause for some optimism, the Korean Government is all too aware of the numerous changes needed to

A family working together for bench terracing reclamation.

Clockwise, man compares barley yield from his fertilized plot (l.) with that from untreated land (r.); Koreans constructing canal as part of Food for Peace self-help project; and workers receiving food as part payment for work.

establish a dynamic farm economy.

The government, for instance, must cope with a large farm population on a limited amount of cultivable land. More than half of the 28 million people encompassing the Republic live on farms, and yet only 21 percent of the country's total land area is available for cultivation. As a result, the average farm household must make do with a plot of only 2.1 acres, often stony, unproductive land.

When weather is favorable the typical Korean farmer produces from his small plot enough food to live on and perhaps a small cash crop. Grains, especially rice, are his main crops, part of these going to the government each year as direct sales and part as payment-in-kind for fertilizer and/or taxes. Some also goes to the country's stockpile to cover the short-supply months of the spring.

Another share of the farmer's production is sold to pay off debts—on which he often pays usurious interest rates of 3 to 8 percent a month. He uses the money obtained from such loans to supplement credit offered by the government or cooperatives, to cover operating expenses, including irrigation facilities, seed, and fertilizers, or often to obtain food. The government is attempting to correct this, but typical farmers are still continually in debt.

Yet, despite his seemingly poor state, this average farmer, along with the millions of others just like him, provides the backbone of the country's economy. Although agriculture's contribution to the GNP has been declining slowly in recent years, it still is high—around 31.4 percent.

Fair share for farmers

To help out this dominant sector of the country, the government in recent years has been striving to insure farmers a fair share of the national income. (The close-to-60 percent of the population living in rural areas receives only 35-40 percent of the national real income.)

Major parts of this undertaking are the rice lien program of 1957 and the Farm Support Law of 1961.

The lien program makes it possible for farmers to place their rice under lien, obtain a given amount of money, and

hold title to the rice until the lien reaches maturity—a date which varies with each contract. The farmer can redeem the rice at any time before maturity by repaying the lien plus interest and storage charges.

The support program, which reversed the policy during the Korean war of maintaining grain prices at low levels, is intended to encourage the farmer to produce more grain and at the same time to better his earnings. Such a support, the government feels, will make the farmer a more important part of the total economy and a larger buyer of industrial items.

Unfortunately, these programs, while providing higher incomes to farmers, have also been large contributors to the country's inflation problems. Normally, Korea's grain prices take a dip at the first of the season when many farmers are forced to sell in order to pay off debts maturing around harvesttime. After this decline, the price begins an uptrend that continues through the middle of August (and corresponds with the "spring hunger season"). The harvest of summer grains (in June) then improves the

supply situations and about August, the prices do a turnabout. Because of the rice lien program, however, the consequent drop is not as much as the early-season rise, and the new year generally begins with a higher support price than in the year before.

The result: A government price for the 1963 rice crop almost double that for 1960, a 1964 price (including an incentive subsidy being paid in cotton cloth) more than 260 percent of the 1960 one, and the likelihood of an even higher 1965 support. Such price rises have brought rapid inflation, to the point that the government in June 1964 was forced to devalue the Korean currency.

Government looks to a better agriculture

As part of its Seven-Year Agricultural Plan (1965-71), the Korean Government is working to alleviate some of these economic problems plaguing the nation's agriculture. (Most of these projects are those either envisaged or begun by the former military government.)

To further encourage rice production, the government is attempting to work out a better system of determining support prices. In 1964, it changed the way of setting them from a system based on the cost of production to a parity system. It is also attempting to work out a method in which supports can be announced before or during the planting season (currently they are announced after harvest), so the farmer, with some idea of what his rice will bring, will be more inclined to produce.

Also planned, or being undertaken, are programs to consolidate land holdings, to add some 400,000 hectares (988,000 acres) to the Republic's cultivable land through land reclamation, and to increase yields by use of more and better-balanced fertilizer.

Under its program of land consolidation, the Korean Government is attempting to redistribute land so that an individual farmer's holdings will be contiguous rather than in several separate plots. It is also altering in some regions the shape of paddies from irregular patterns into rectangular plots. This reshaping is supposed to bring about better usage of dikes, roadways, and irrigation channels.

The land reclamation program emphasizes the conversion of unused or underused uplands, through bench terracing, to farmland and, to a lesser extent, the reclamation of tidelands to augment paddy areas. The latter project is more expensive, but resulting land is more valuable.

U.S. aids expansion

Spearheading the upland conversion program is the United Nations Special Fund project. The U.S. AID Mission and a voluntary agency have cooperated toward extending the program, especially in training local-level Koreans to construct the land benches properly so they will serve as erosion controls. U.S. Food for Peace supplies are going to the laborers who work on these land development projects and to inhabitants of communities who will be tilling the land once it is made cultivable.

The U.S. AID Mission is also helping out by providing Korea with fertilizer and technical assistance in its use, by financing the first chemical fertilizer plant in the Republic, and through land and seed improvement programs.

The emphasis on the proper use of fertilizer is especially important to Korea, as soil in that country is generally shallow and poor. In the past, many of the farmers either could not afford to use fertilizer or used only nitrogen compounds. Today, not only are these farmers able to obtain more fertilizer, but they are also being educated to the advantages of using a more balanced ration of nitrogen, phosphorus, phosphate, and lime.

Cooperatives important

One of the principal domestic forces in providing fertilizer to Korea's farmers is the National Agricultural Cooperatives Federation (NACF), established in 1961. Today, this cooperative system encompasses most every village of Korea. It manages the handling and distribution of 98 percent of the fertilizer and 90 percent of other agricultural chemicals and provides farmers with a variety of farm supplies, from heavy machinery to such necessities as rubber shoes. Through its credit program—another important service—the NACF makes these farm items available to the farmer at reasonable interest rates, providing approximately 90 percent of the country's institutional credit.

The Korean Government hopes that these and the other agricultural development efforts now going on will result in a production increase to the point where the country will be self-sufficient in staple foods by 1968 and have an exportable surplus of some 2 million tons of these foods by 1971. And if this production gain is realized, Korea might further narrow its import-export gap.

EEC Temporarily Eases Beef, Cattle Duties

Continuing beef shortages in the European Economic Community have forced the EEC Agricultural Council to make imports easier. At its June 14-16 meeting, it granted the following temporary tariff reductions on imports of frozen beef and live cattle from third countries:

Country	Item	Previous rate	Rate after reduction	Period effective
		Percent ad valorem	*Percent ad valorem*	*Percent ad valorem*
Italy	Cattle up to 750 lb.	0	[1] 0	July 1, 1965-Mar. 31, 1966.
West Germany	Live cows	16	[2] 7	June 17-30, 1965.
			10	July 1-Sept. 12, 1965.
Belgium	Cattle over 485 lb.	16	0	July 1-Sept. 1965.
EEC (Common External Tariff).	Frozen beef and veal for processing.[3]	10	[4] 10	July 1-Sept. 30, 1965.

[1] Continues previous suspension of 16-percent duty. [2] Rate reduction accompanied by suspension of any levies on such animals. [3] For Italy, an exception granted through Sept. 14 from requirements that imports be destined only for processing permits imports for direct consumption. [4] Continues reduction from 20 percent. At the same time, duties on intra-EEC trade were reduced to zero.

At the same time, the Council directed the EEC Commission to investigate the reasons why each country apparently requires a separate solution to its beef shortage problem. The Council will consider the Commission's report before September 15, with the hope that Community-wide solutions can be reached in future.

Italy had requested permission to continue for a year its suspension of duties on third country cattle weighing less than 750 pounds. The continuance it received, however, was for only 9 months, until the end of the current beef marketing year.

The Agriculture Ministers' decisions were formally approved June 22 by the Council of Ministers of Transport.

Joseph H. Stevenson, FAS cotton marketing specialist, this spring took a look at the raw cotton and textile situation abroad and in this article reports on what he found there.

Seven COTTON Markets in Asia and Europe

The trip took me to four Asian countries—Japan, Hong Kong, Thailand, and India—and to three in Europe—Italy, Spain, and Switzerland. In each of these, study was made of the raw cotton and textile situation as it pertains to current cotton buying and to prospects for future purchases. Particular attention was given to the import and use of American-Egyptian cotton.

In none of these countries have purchases of U.S. cotton been brisk this season. Reasons include larger beginning stocks, more plentiful supplies from other exporting countries, strong price competition from other growths, and a slowdown in consumption in some countries. Also, the U.S. dock strike of this past winter slowed deliveries of U.S. cotton for several weeks.

There are indications, though, that purchase and delivery of U.S. cotton may increase until new crops are available in the fall, especially to fill needs for certain qualities. For example, there may be some chance for sales of U.S. low-quality, short-staple, high-micronaire cotton as a substitute for the Desi-type cotton from India and Pakistan, where supplies are practically sold out.

Considerable interest was expressed by raw cotton and textile representatives in the importing countries visited in the progress being made by the cotton-exporting countries in regional and global meetings to form an international organization to promote cotton in Western Europe and Japan. Trade and industry representatives indicated willingness to cooperate with such an organization in execution of the actual promotion programs.

With regard to American-Egyptian (AE) cotton, some interest was expressed in it; however, it is relatively unknown in quality and spinning performance, and there seems to be a definite tendency to stick with the traditional sources of supply.

Importers pointed out the desirability of having a continuous supply of needed qualities available in volume, and that in order to move, AE must be attractively priced compared with extra long staple cotton grown in other countries. In fact, AE may face a difficult situation in getting introduced abroad this year because of the present outlook for more plentiful supplies in traditional extra-long staple exporting countries. Some importers wanted to obtain test bales of AE through U.S. commercial sources, as well as results of AE fiber and spinning tests conducted in the United States.

Japan's cotton consumption rising

The Japanese economy continues to advance; one sees evidence of this on every hand. Some authorities point out, though, that Japan is in the midst of a slowdown in the rate of growth, and clouds on the economic horizon are causing concern, such as fast-rising wages and prices, some scarcity of labor despite flow of population from rural to urban areas, threat of balance-of-payments difficulties, and problems connected with the tight money policy.

The raw cotton situation for 1964-65 is highlighted by an estimated increase from last season of up to 5 percent in consumption, slightly lower imports, and a consequent lowering of stocks.

Mill consumption of cotton is larger this season as domestic demand for textiles, backed by rising consumer incomes, is good. Textile exports are holding at a relatively high level, despite increasing competition in world textile markets. And although there is serious concern in the cotton textile industry about possible overproduction following an increase in spindles since the new textile equipment law became effective last October 1, stocks of textiles have not become burdensome as yet, and sales seem to be holding up reasonably well.

Trade sources place consumption by mills that are members of the Japan Spinners Association at about 2,500,000 running bales in 1964-65, compared with 2,348,000 the previous year and 2,248,000 in 1962-63. However, imports of raw cotton are expected to decline slightly to about 3,200,000 running bales in 1964-65, from the 3,245,000 bales of the last two seasons. Imports of U.S. cotton are also expected to decline to about 950,000 bales from 1,154,000 in 1963-64.

Japan is buying larger quantities of cotton this season from Mexico, Central America, and Brazil. Imports from Nicaragua have increased sharply in the last 3 years. Sales of U.S. cotton are expected to pick up between now and the time new-crop cotton becomes available, but some interest is being shown in new-crop Mexican.

With regard to extra-long staple (ELS), Japan has bought far ahead, and the full 1964-65 season's needs are covered by contracts. The Japanese mills are not familiar with AE in detail, but are under the impression that it will give good performance in the manufacture of high-count yarns. The demand for high-quality goods is increasing in Japan, and some AE could possibly be sold there for shipment in late summer or early fall before new-crop Egyptian becomes available. This, of course, will depend on supply, demand, and price.

Hong Kong's textile industry active

From two indicators, exports and tourism, Hong Kong's very active economic growth is continuing. Financial troubles that have beset the Colony in recent months seem to be settling down now; moreover, these do not seem to have widely affected the textile industry.

For the most part, the industry appears to be in a healthy condition. Spindles now total around 715,000, and there are about 20,000 looms. Some mills are adding more facilities, mostly in the finishing sector, which will make it possible to do more chemical finishing of fabrics for easy care. Also, the textile and garment industries are making available for export more finished products.

At the same time, Hong Kong's textile industry has its concerns. Textile industries are being built up in former Southeast Asian markets. Newer industries in certain other countries are shipping low-quality textiles in competition with Hong Kong. Added to this is the threat that Mainland China might export more textiles at concessional prices to markets now supplied by Hong Kong. Finally, there are the textile trade limitations under the long-term Cotton Textile Arrangement between the major cotton-textile exporting and importing countries which affect Hong Kong's exports to some countries.

In calendar year 1964 Hong Kong imported 657,796 running bales of cotton, and it is estimated that the 1965 figure will be around 635,000 bales, though it could be lower if yarn sales remain slack as in the first quarter of the year.

Most popular staple lengths in the Hong Kong market are 15/16 to 1-1/32 inches. U.S. cotton is well liked, and the United States is a principal supplier, usually providing about 25 percent of the cotton purchased. Pakistan, East Africa, Brazil, Central America, and Mexico are other large suppliers. Pakistan's cotton is sought because it is usually attractively priced; also, Tanganyika's cotton is popular because it is roller-ginned and quite consistent in quality. There is practically no interest in ELS, and not much in the longer staple uplands.

Thailand's cotton imports to increase

Thailand's economy is sound and expanding, and both government and industry are working to develop and diversify exports—now largely agricultural—and to build up more industries. With these growing industries, changes are occurring rapidly in Thailand's trade. The volume of exports was larger last year, and the trade deficit was reduced despite lower prices for some commodities.

The country is making a very conscious effort to improve the quantity and quality of its raw cotton production, but it is generally agreed that this will be a gradual process. Domestic mills use about 45,000 bales of the locally produced Cambodian-type short staples. With total cotton consumption rising to around 90,000-100,000 bales this season, about 50,000 bales will need to be imported. Imports are expected to increase further next season, but should begin to level off after the addition of spindles is completed about mid-1966. By then, total imports should reach 80,000-90,000 bales.

Judging from past history, the United States should supply about three-fourths of this growing market. Thailand has been a good cash market for U.S. cotton, and while imports slowed down earlier this year because of the U.S. dock strike, substantial quantities are arriving now. Competition has stiffened, however; one mill visited was using U.S., Mexican, Nicaraguan, and local cotton.

India buying under P.L. 480

India continues to face many economic problems, not the least of which is the rapidly increasing population whose food and fiber needs are not being met completely from local production. The ability to supplement cotton requirements by means of imports is quite limited because of the stringent financial situation. Gold and foreign exchange reserves have declined steadily in recent years and totaled less than $500 million by the end of 1964.

Estimates of the 1964-65 commercial cotton crop in India have been reduced several times during the season because of adverse weather, and now stand at only about 5.5 million bales (400 lb. gross), compared with 6.1 million in 1963-64. Commercial consumption this season will approximate 6.6 million bales, and exports will total about 225,000 bales of short-staple harsh cotton. Imports are expected to total about 850,000 bales; consequently, stocks will be reduced approximately 425,000 bales.

Although purchases of the upland and extra long staple cotton authorized under U.S. Public Law 480 have moved slowly thus far because of the tight money situation, Indian sources indicated nearly all of the cotton currently authorized probably would be taken up. Also, from the Indian standpoint, it appears that imported cotton will be needed under arrangements such as those afforded by P.L. 480, as the country's cotton consumption for domestic needs is expected to continue to be higher than its own cotton production in the foreseeable future, and no substantial change in the financial situation seems imminent.

While India now has 15 million cotton spindles in operation, its textile industry is not expanding as fast as the government had anticipated in its Third Five-Year Plan. With the government's policy of giving preferential treatment to the handloom and powerloom sections of the industry, imports of spindles are prohibited. Cotton textile exports are expected to reach 650 million yards in 1965.

Italy's industry having difficulties

The Italian economy is still in a recession, but is beginning to show some improvement. The cotton textile industry is in a depressed situation too, although it seems that the downswing in the textile sector began sooner and perhaps went down less last year than the general economy.

Basically, Italy's cotton textile industry has had to face several difficulties. One is the decline in cotton textile exports, and another is the sharp increase in textile imports. A third factor is the rise in costs of production and in prices of textiles. As labor costs have risen, employment by cotton textile mills has continued downward. Meanwhile, production of manmade fiber textiles continues to increase. In the midst of these difficulties, Italy's cotton textile industry is going through a modernization process, needed in order to improve its competitive position, especially in the European Economic Community (EEC).

Actually, the picture is not as black as may appear offhand. Cotton consumption in 1964-65 is expected to be down 5 to 10 percent from last season, less than expected earlier. Stocks of textiles, which were burdensome last year, have been reduced to about normal levels; and with 1964-65 raw cotton imports slightly below consumption, raw cotton stocks will decline.

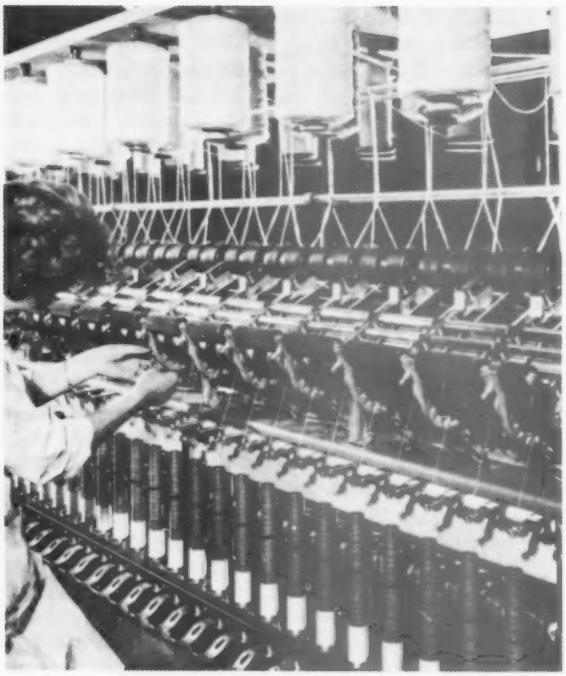
For the whole season, U.S. cotton is expected to comprise about 40 percent of the imports. Competition from other growths has been keen, especially roller-ginned cotton from Turkey. There have been no imports of American Egyptian as yet, as spinners are cautious in changing from traditional sources of ELS.

Spain's cotton crop down this year

Spain's cotton supply and distribution are returning to a more normal situation following 2 to 3 years when supplies were large because of a sharp rise in production plus large imports. Supplies now are rather scarce and by the end of the 1964-65 season may be quite low.

Spain's own cotton production declined to about 350,000

(Continued on page 16)



Wool research in Australia

Woolmark promotion in U.K.

International Wool-Producer Group Steps Up Promotion

With its promotion budget bigger than ever, the International Wool Secretariat is moving forward with wide-ranging plans to increase wool sales and improve wool's position vis-a-vis manmade fibers and cotton. Wool in 1963 had about 9.5 percent of the world textile market, manmades 28 percent (and moving up), and cotton 62.5.

An intensive campaign to promote use of Woolmark, new international pure-wool symbol, on woolen garments, rugs, and blankets will be expanded this fall to add 12 more major wool-importing countries to the seven where, since last fall, manufacturers are licensed to use the symbol on those articles which qualify.

Less publicized, but an important indicator of the scale of IWS planning, is the Secretariat's recent decision to contribute directly to the support of Woolens and Worsteds of America (a promotional organization for the U.S. sheep industry) for the promotion of American-made wool goods. The Wool Bureau, IWS branch in the United States—along with the American Sheep Producers Council and the Boston Wool Trade Association—will put up over $500,000 for WWA's fall promotion budget.

The U.S. market for wool—among the world's top three—is a natural promotion target for IWS, which represents 180,000 wool growers of Australia, South Africa, and New Zealand, among the world's biggest producers of wool. Australia's wool exports last year were worth just under $1 billion and the source of nearly 40 percent of the country's foreign exchange earnings.

U.S. big wool importer

In the United States, on the other hand, wool output is going down as the national flock dwindles. This country now imports approximately one-third to one-half of its apparel-wool needs and virtually all of its carpet wool.

Other moves in the IWS drive to increase demand for wool are the extension of direct technical assistance to mills in Greece and Poland and the financing of a modern product development and technical center in Britain. The center will not do fundamental research, but will adapt research discoveries of established wool laboratories like the Commonwealth Scientific and Industrial Research Organization in Australia which, financed by Australia's woolgrowers and government, is the largest wool research organization in the world.

IWS works on a promotional budget of approximately $36.4 million a year, raised by substantial levies on each bale of wool sold by producers in the three member countries of the Secretariat. Since July 1964, when the levies were raised sharply, Australian wool growers, for example, pay 1⅞ percent of the wool's sale value; the government supplies an almost matching amount.

While still far behind the $100 million or more spent to promote manmades, wool promotion funds are considerably above those for cotton, which now stand at about $2.3 million a year, and which may go to $6 million if current proposals by the International Cotton Advisory Committee

are approved by member governments (see *Foreign Agriculture*, May 17 and May 31, 1965).

Most ambitious of IWS programs has been the introduction of Woolmark, which began with an international emblem contest won by an Italian with a design which according to the Wool Bureau has "a constant movement symbolizing both the timelessness of wool and its modernity in the space age."

Advertising and publicity

In each of the seven initial countries where Woolmark was first introduced—Japan, West Germany, Belgium, the Netherlands, the United Kingdom, the United States, and France—the campaign began with fanfare: press conferences, heavy advertising schedules in trade and consumer publications, and publicity events designed to attract the largest measure of attention from news media.

The U.S. kickoff—complete with full-page ads in newspapers, consumer and trade magazines, and publicity coverage by news media with a combined circulation and audience potential of approximately 400 million —won for the Wool Bureau a "Silver Anvil" award from the Public Relations Society of America for its skilled launching of Woolmark.

In Japan, a 54-foot-high tower carrying the symbol in neon lights atop the Daitobo building was an opener in the Japanese campaign. Daitobo is one of some 100 Japanese firms licensed to use the mark.

In Germany, an extensive trade advertising campaign preceded consumer promotion with the result that the German branch office found it difficult to keep up with applications for the Woolmark license. The approximately 200 firms now licensed are tops in their particular section of the trade.

Wider promotion this fall

Similar campaigns will mark openings in the 12 new countries this fall: Austria, Canada, Denmark, India, Italy, Norway, Spain, Sweden, Switzerland, Portugal, Mexico, and Finland. In Italy, interest was so keen that 64 firms applied for and won licenses last year and await this fall's go signal.

This fall, quality standards will be stiffened to cover tensile strength, shrink resistance, and color-fastness. Manufacturers will be required to certify that items carrying Woolmark meet specified standards. Random sampling of merchandise by trained inspectors of the Secretariat and branch offices will insure adherence to standards.

Originally, licenses were issued only to clothing manufacturers for quality garments of pure wool worsted, but are now being used also for woolens, as well as a wide range of pure wool products such as carpets and blankets. To qualify, articles must be made of pure wool with a 5 percent tolerance for visible decorative fibers and 0.3 percent for impurities.

Purpose of the campaign is to improve wool's image in the mind of the consumer by building up the concept that pure wool means top quality and by stressing the difference between new virgin wool, reused wool, and various blends and manmades promoted as being like wool, or as good as wool. Except for the United States, most countries do not have garment or cloth labeling laws, and throughout the world the consumer is faced with a multitude of labels, many of which are confusing and even misleading.

The Woolmark campaign, though highly successful in attracting top manufacturer support, has met reluctance on the part of some textile producers who feel there is a market for fabrics of wool blended with other fibers.

Promotion of wool is by no means confined to the Secretariat. In each country there are considerable promotional efforts by other interested segments of the wool industry. In the United States, for instance, promotion is carried on not only by the Bureau, but also by the American Wool Council (wool promotion division of American Sheep Producers Council, Inc.), Wool Carpets of America—and by Woolknit Associates, Inc., and Woolens and Worsteds of America, Inc., both of the latter two being affiliates of the American Wool Council. These groups work through The Coordinating Council for Wool Promotion.

Purebred U.S. Holstein Sales To Top 1964 High

Another record year is in prospect for exports of registered U.S. Holstein cattle, with this year's January-May totals running 69 percent ahead of those for the comparable 1964 period when shipments went on to an alltime high of 2,092 head for the year.

Sales in 1965 are expected to reach 2,500 head, according to USDA estimates, largely because of stepped-up exports to Mexico and Venezuela—top two markets—and the sudden emergence of Italy from an insignificant importer to third best market.

This year's January-May shipments of 1,402 head went to 21 countries, 5 of which last year at this time had not imported U.S. Holsteins—Costa Rica, Ecuador, Nicaragua, Spain, and Haiti.

Ecuador, with imports of 31 head, was one of 10 countries to which the American Holstein Association sent representatives to judge at important livestock exhibitions during the past 18 months under the FAS market development program. Afterward, the judges went out to local farms to assist ranchers in selecting stock for their breeding programs, pointing up the advantages of using purebred cattle.

Exports to Mexico in the first 5 months of 1965 totaled 482 head compared with 352 in the 1964 period; sales to the second best market, Venezuela, were up 155 head from 1964 imports of 196.

But the biggest boost to Holstein exports was the sale of 220 registered animals to Italy, shipped by charter vessel.

This year U.S. Holsteins were promoted at the Verona Livestock Exhibition in March and at the Milan Samples Fair in April. Plans call for a third 1965 exhibition of U.S. Holsteins at Cremona in September.

Canadian Cotton Courses

Some 4,000 Canadian retail employees have recently completed training sessions conducted by the Canadian Cotton Council (CCC cooperates with FAS in cotton market development in Canada) to increase their knowledge of cotton textiles and how to sell them.

Carried on in 22 department and chain stores in 10 different cities, each of the 275 sessions included the viewing of U.S. cotton films, followed by lectures and demonstrations.

Similar training courses for retail employees have been conducted in Canada and in other countries and have been successful in promoting increased sales of cotton textiles.

Singapore Still Ranks as Busiest Port in the Far East

Two years ago when Indonesia banned all trade with Singapore, it was feared that this great international port and trading center would be hard hit by this political move. Singapore's economy was built largely on its entrepot trade: it took tropical products from nearby countries and stored, processed, and packaged them for shipment around the world. Indonesia was an important supplier.

As expected, Singapore's entrepôt trade declined, but in 1964 this proved to be nowhere near so disastrous to the economy as had been anticipated. Throughout the first quarter of this year, foreign trade has continued at a steady pace, with imports and exports running ahead of those for the corresponding months in 1964.

There are several reasons for this. Singapore's location off the tip of the Malay Peninsula is at the crossroads of trade between East and West and makes it a natural shipping point for the newly formed Federation of Malaysia, of which Singapore is one of the States.

Its port has 22 deep-water berths, modern equipment and storage facilities, and is used by more than 60 major shipping lines with services all over the world. Also, many banks, insurance companies, and trading organizations maintain regional offices there; in fact, Singapore thinks of itself as the "New York" of Malaysia.

Another reason is Singapore's industrial boom. Many new industries have sprung up lately, and it is output from these that has helped maintain foreign trade activity.

Agricultural products of all kinds pass through the port of Singapore, but the State's own agriculture is limited largely to vegetables, livestock products, and tropical fruits. At least half its food supply is imported. Only tobacco is bought from the United States in any quantity, but Singapore's high per capita income—the highest in Southeast Asia—makes it a small but good market for U.S. prepared foods—canned and packaged mainly—and poultry.

Above, Singapore's skyscrapers overlook the old harbor with its cargo-carrying lighters. Below, on tiny plots Chinese farmers practice intensive vegetable cultivation.

Below, Singapore markets display a wide variety of vegetables. Left, salt fish is hung on poles to dry. Fish is the main source of protein.

Argentine Wheat Support Price and Planting Outlook

A recent survey by the Argentine Agricultural Secretariat indicates that farmers intend to reduce their wheat-producing area by 15 to 20 percent. They had under consideration such factors as the long delays experienced in receiving payment for their wheat crop, doubt that the extremely high yields of the past 2 years can be maintained; and the belief that, where alternatives are feasible, production of other grains or forage crops might prove to be more profitable.

However, the government's announcement of a 10-percent increase in the effective support price at the producer level may cause some reconsideration of the farmers' first intentions, since the increase in the support price was somewhat higher than many producers had anticipated. At best the area that will be planted to wheat is not expected to exceed the average of the past 2 years, and declines in yields are anicipated by producers.

Trade sources believe that the government's economic team became quite concerned that Argentina might not be able to fulfill the potential demand for Argentine wheat next year if a 20-percent reduction in area were accompanied by unfavorable weather conditions during the growing season. Over the objections of the Central Bank, the Cabinet was persuaded to approve a sizable increase in the support level before most of the crop was seeded.

U.S. Feed Grains Export Estimate Raised

U.S. exports of feed grains in 1964-65 are currently forecast at 18 million metric tons, 12 percent above the 1963-64 record of 16.1 million. Exports for 1964-65 had been previously estimated at the same level as last year.

Feed grain shipments will be higher to each of the Common Market countries and to the United Kingdom, Switzerland, Greece, and Japan than they were a year ago. Exports to the EEC are expected to be up a third, with Italy showing a 75-percent gain. Those to Japan, our largest market for these grains (corn, oats, barley, and grain sorghum) will be more than 10 percent greater.

All of the increase is occurring in exports of corn and sorghums. Corn, the principal feed grain exported, is expected to increase from 473 million bushels to about 540 million. Sorghums are estimated to go from 99 million bushels to 120 million. Exports of barley and oats will change little from 1963-64.

Canada Sells Wheat to East Germany, Poland

Recent Canadian wheat sales to Poland and East Germany, added to the previously reported 58.7-million-bushel sale to Mainland China, appear likely to bring Canada's wheat export total for the 1964-65 crop year very close to 400 million bushels.

The sale to Poland, involving 11 million bushels (300,000 metric tons), raises purchases under the agreement of November 5, 1963, to three-quarters of the total quantity agreed on. Lower grades of Northern Spring and durum wheats were reportedly involved.

Shipment is scheduled for June-September through both Pacific and St. Lawrence ports, mostly the latter. Terms of sale are 10 percent cash at the time of shipment with the balance in equal installments at 24, 30, and 36 months.

The sale to East Germany, 1.8 million bushels (50,000 metric tons), is the third under the current contract, which runs from August 1, 1964, to August 1, 1967. It brings the total so far to 11 million bushels, against the agreed-on figure of 27.6 million.

Payment is to be 25 percent cash at the time the wheat is shipped (during July and August via St. Lawrence River ports) and the balance in 18 months with interest.

Further details are now available on the sale to Mainland China (*Foreign Agriculture*, June 14, 1965). Terms, as in previous sales, are 25 percent cash on loading and the balance in 18 months with interest. Most of the wheat will be shipped from Pacific ports between July 1965 and April 1966; but some 2 million bushels, believed destined for Albania, will go from St. Lawrence River or Atlantic ports between September and January.

Trade sources report that most of the wheat the Chinese bought was lower grades (No. 4 and No. 5 Northern), plus durum grades and a limited quantity of No. 3 Northern. Prices of the lower grades at Pacific coast ports were reported reduced 2 Canadian cents per bushel by the Canadian Wheat Board; prices of the higher grades there, and of all grades at eastern ports, remained unchanged.

Australian Sultana Minimum Export Prices

The Australian Dried Fruits Control Board has approved the following minimum export prices for 1965 sultanas as compared with 1964[1]:

	1965 *U.S. dol. per short ton*	1964 *U.S. dol. per short ton*
Japan:		
5 crown	305	305
Germany, Malta, and Israel:		
4 crown	315	[2]315
5 crown	325	[2]325
Italy:		
4 crown	295	315
5 crown	305	325
France:		
4 crown	302.50	315
5 crown	312.50	325
Holland and Belgium:		
4 crown	307.50	315
5 crown	317.50	325
Switzerland and Austria:		
4 crown	320	322.50
5 crown	330	332.50
Norway, Sweden, and Finland:		
4 crown	332.50	340
5 crown	342.50	350
Denmark:		
4 crown	327.50	340
5 crown	337.50	350
Ireland:		
4 crown	337.50	340
5 crown	347.50	350

[1] C.i.f. except Japan which is f.o.b. Australian ports.
[2] Germany only.

The above-mentioned Japanese prices apply to shipments made not later than December 31, 1965, and carry a buyer's discount of up to $6.67 per ton.

The remaining prices may carry a buyer's discount not exceeding $6.25 per ton for 4 crown and $6.67 per ton

for 5 crown. The allowance to the buyer may be passed on only by the agent. Since the sultanas must be submitted for fumigation at the port of entry, an allowance of $12.50 per ton by the seller to the buyer at the time of invoicing has been approved.

U.K. Sets Import Quotas for Fresh Apples and Pears

The United Kingdom Board of Trade recently announced import quotas for fresh apples and pears from the relaxation and dollar areas and Japan.

The apple quota will be 304,000 cwt. (112 lbs.) for the period July 1, 1965, to December 31, 1965, the same as last year.

The pear quota will be 560,000 cwt. for the period July 1, 1965, to June 30, 1966, also the same as last year.

Italy's Tobacco Imports, Exports Smaller

Italy's tobacco trade continued to drop in 1964. Imports last year, at 49.7 million pounds, were down 21 percent from the 62.9 million of the previous year. Exports, at 11.3 million pounds, were less than half the 24.6 million shipped abroad in 1963.

The drop in imports was attributed mainly to smaller takings from the United States, Brazil, Argentina, and Bulgaria, which more than offset larger purchases from Mexico, the Philippines, Rhodesia, and Yugoslavia. Mexico was the biggest supplier in 1964.

Smaller shipments of Italian leaf to all major markets accounted for the decline in exports. West Germany remained the largest foreign outlet, but exports to that country in 1964 were only 8.6 million pounds, compared with 13.7 million in 1963.

ITALY'S TOBACCO TRADE

Origin or destination	Imports		Exports	
	1963	1964	1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Mexico	6,373	8,851	---	---
Greece	7,703	7,939	---	---
United States	18,695	7,522	2,251	234
Philippines	(1)	7,522	---	---
Rhodesia, Zambia, Malawi	5,143	5,800	---	---
Brazil	11,396	4,892	---	---
Indonesia	4,145	3,102	---	---
Bulgaria	3,126	1,217	---	---
Turkey	(1)	902	---	---
Yugoslavia	73	866	---	---
Argentina	4,925	176	---	---
Germany, West	---	---	13,732	8,622
Switzerland	---	---	2,474	1,056
Netherlands	---	---	2,939	840
Sweden	---	---	---	276
Others	1,276	896	3,203	282
Total	62,855	49,685	24,599	11,310

[1] If any, included in Others.
Central Institute of Statistics.

U.S. Tobacco Imports

U.S. imports of tobacco for consumption totaled 51.5 million pounds in January-March—up 38 percent from the relatively low figure of 37.2 million for January-March 1964.

Cigarette leaf imports totaled 38 million pounds this year, compared with 26.8 million in January-March 1964. The scrap tobacco total was 12 million, against 9 million last year. Cigar filler (stemmed and unstemmed) amounted to 1.2 million, compared with 1.4 million last year.

Imports of Cuban cigar filler and scrap for consumption continue to be made as withdrawals from warehouse stocks which arrived prior to the embargo imposed in February 1962.

U.S. IMPORTS OF UNMANUFACTURED TOBACCO[1]

Commodity and origin	January-March		
	1963	1964	1965
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Cigarette leaf:			
Turkey	20,832	17,268	21,733
Greece	7,346	6,354	10,290
Yugoslavia	2,192	2,150	3,952
Others[2]	1,345	998	2,045
Total	31,715	26,770	38,020
Cigar wrapper, total	87	46	56
Cigar filler:			
Dominican Republic	74	188	148
Mexico	74	160	271
Brazil	136	178	126
Cuba	752	470	318
Others	637	396	293
Total	1,673	1,392	1,156
Scrap:			
Philippines	4,392	3,171	3,924
Brazil	262	627	1,484
Dominican Republic	1,019	1,662	2,822
Colombia	1,251	1,748	1,599
Indonesia	223	419	411
Cuba	1,158	665	343
Others	651	662	1,417
Total	8,956	8,954	12,000
Stems	67	72	233
Grand total	42,498	37,234	51,465

[1] Imports for consumption. [2] Mainly Italy, Cyprus, Syria, Lebanon, and Rhodesia.

Burma's Cigarette Output Continues Downward

Cigarette output in Burma continued downward through calendar 1964. Production last year amounted to 898 million pieces, compared with 962 million produced in 1963.

Production during fiscal year 1963-64 (October-September) totaled 873 million pieces, compared with 1,011 million in 1964 with France and Algeria as primary destinations.

Hungary's Cigarette Output Up

Cigarette output in Hungary during 1964 totaled 16.4 billion pieces—up 3.7 percent from the 15.8 billion produced in 1963 but still slightly below the 1961 high of 16.8 billion.

Unofficial reports indicate that production of filter-tipped cigarettes last year totaled 1.7 billion pieces, representing 10.4 percent of total output compared with about 8 percent in 1963. Production of filter-tipped cigarettes during 1965 is forecast at 2.3 billion pieces or about 13 percent of total output.

Unofficial reports also indicate that Hungary plans to begin exporting cigarettes during 1965, with 500 million pieces going to the Soviet Union and 100 million to Czechoslovakia.

Pakistan To Levy New Tax on Jute

The Government of Pakistan announced on June 9 that it had decided to levy a tax of 50 paisas (about 10.5 U.S. cents) per maund (82.28 lb.) on all raw jute exported or consumed by domestic mills. Proceeds of this tax are to

be used to establish and maintain a jute price stabilization fund.

Tax receipts from exports alone, based on 1964 shipments of approximately 770,000 long tons of raw jute, would be around $2.2 million.

Attempt To Alleviate Cocoa Price Problems

Solutions to the critical cocoa price situation await completion of FAO studies at the end of the year. This was agreed at June 22-24 talks in New York between producing and consuming countries when they found no short-range solution. New York Spot prices for Accra were 13⅝ cents a pound, down 10 cents from a year ago.

Pakistan Purchases Indonesian Sugar

Pakistan recently purchased 25,000 long tons (28,000 short tons) of sugar from Indonesia. The first consignment is expected to arrive about the middle of July. The purchase was made in connection with the agreement for increased economic and cultural cooperation between the two countries that was signed in Lahore last March. Pakistan will probably need to import about 75,000 short tons of sugar in 1965.

U.S. Share of Foreign Cotton Market Down Slightly

U.S. cotton represented a slightly smaller proportion of total cotton imports into many of the foreign Free World consuming countries during the first several months of the 1964-65 season than in comparable periods last season.

Total cotton imports into the 15 listed countries during the indicated months of the current season were about 3 percent lower than in the same months a year ago. The U.S. share increased in six countries, remained unchanged in one, and declined in eight. Total cotton imports from all sources increased in six countries and decreased in nine.

Indications are that total imports into the foreign Free World this season may reach 13.1 million bales, compared with 13.6 million in 1963-64. Beginning stocks of 10.0 million bales last August have been reduced sharply as the current season progressed.

COTTON IMPORTS INTO SPECIFIED COUNTRIES

(Bales of 480 lb. net)

Importing country	No. of mos.[1]	1963-64 Total imports	1963-64 Imports from U.S.	1963-64 U.S. share	1964-65[2] Total imports	1964-65[2] Imports from U.S.	1964-65[2] U.S. share
		1,000 bales	*1,000 bales*	*Percent*	*1,000 bales*	*1,000 bales*	*Percent*
Austria	7	62	22	35	71	27	38
Belgium	5	144	32	22	182	37	20
Canada	5	155	149	96	125	116	93
Denmark	6	23	5	22	25	7	28
Finland	8	47	7	15	53	8	15
France	8	916	292	32	754	185	25
Germany, W.	6	700	194	28	661	180	27
Hong Kong	7	318	69	22	278	49	18
India	6	235	97	41	337	192	57
Italy	6	493	159	32	435	218	50
Japan	7	1,776	617	35	1,969	587	30
Netherlands	5	121	30	25	113	14	12
Sweden	7	53	47	89	49	42	86
Switzerland	8	161	55	34	148	56	38
U.K.	7	701	[3]164	23	518	[3]125	24

[1] Seasons beginning August 1. [2] Statistics for some countries are preliminary. [3] Includes Mexican cotton transshipped through U.S. ports.

Tung Oil Exports Increase

Aggregate exports of tung oil from major producing countries in 1964, according to trade data and unofficial estimates, rose by 14 percent from those in 1963. The rise largely reflects increased shipments from Mainland China supplemented by larger movements from Argentina. Partly offsetting these gains, exports from Brazil and Paraguay—according to preliminary shipments data—are estimated to have declined significantly.

Shipments from Buenos Aires, which are believed to represent all of the exports from Argentina and Paraguay, totaled 9,059 short tons during the January-April period of 1965 compared with 8,730 in 1964. Of the total during this period in 1965, 7,524 tons were from Argentina compared with 6,434 in 1964.

TUNG OIL EXPORTS FROM SPECIFIED COUNTRIES

Country	Average 1955-59	1961	1962	1963[1]	1964[2]
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Argentina	17,501	18,060	18,102	17,678	20,291
Brazil	333	1,264	171	1,794	398
Paraguay[3]	3,571	5,577	3,664	6,149	5,680
Malagasy (Madagascar)	768	896	566	945	1,233
Malawi (Nyasaland)	1,039	1,231	1,376	1,360	1,400
China, Mainland[4]	48,102	16,998	17,727	13,409	18,200
Total	71,314	44,026	41,606	41,335	47,202

[1] Preliminary. [2] Partly estimated. [3] Based on reported shipments. [4] Import records.

Papua, New Guinea's Copra and Coconut Oil Exports

Copra and coconut oil exports from the Territory of Papua and New Guinea, oil-equivalent basis, increased 5 percent during 1964—from 66,719 long tons in 1963 to 70,200 in 1964.

The United Kingdom and Australia are the principal markets for copra, and the United Kingdom for oil. Both countries accord duty-free entry to Papua and New Guinea's copra and coconut oil as members of the Commonwealth.

PAPUA AND NEW GUINEA'S COPRA AND COCONUT OIL EXPORTS

Item and country of destination	1961	1962	1963	1964
Copra:	*Long tons*	*Long tons*	*Long tons*	*Long tons*
Australia	26,580	28,292	30,820	27,509
United Kingdom	51,093	41,978	33,494	42,425
Japan	5,504	3,380	3,832	4,320
Total	83,177	73,650	68,146	74,254
Coconut oil:				
Australia	---	1,250	252	495
United Kingdom	19,717	21,367	22,854	22,182
Total	19,717	22,617	23,106	22,677

Overseas Trade Statistics, Territory of Papua and New Guinea.

Malagasy Republic's Peanut Situation

Production of peanuts—Malagasy's most important oilseed crop cultivated—has increased in recent years, from an estimated 27,100 metric tons in 1961 to an estimated 31,000 in 1964. Production is forecast at 35,000 tons in 1965, largely because of the increase in area under cultivation from 38,000 hectares to 40,000. The 1972 Development Plan envisages a production of 95,000 tons.

The Tulear Province in the southwestern part of the

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island is the principal growing area, producing about 40 percent of all nuts grown. Other provinces producing peanuts, in order of importance, are Majunga, Tamatave, Fianarantsoa, Tananarive, and Diego Suarez.

Peanuts (as nuts or in the form of oil) are important items in the local diet, and are also an important export product. Exports totaled 10,303 tons in 1963 and 6,383 in 1964 with France and Algeria as primary destinations.

Senegal's Shipments of Peanut Products

Senegal's 1964 exports of shelled peanuts totaled 213,862 metric tons as against 204,403 in 1963. Exports of peanut oil, both crude and refined, totaled 129,530 tons compared with 103,621 in 1963. Exports of peanut cake and meal amounted to 184,329 tons as against 145,388 in 1963.

Iceland's Exports of Herring Oil and Meal

Iceland's exports of herring oil in the first 3 months of 1965 totaled 9,494 metric tons, almost double the 4,807 exported in January-March 1964. Herring meal exports, however, declined to 23,262 tons from 26,564 in January-March 1964.

Seven Cotton Markets in Asia and Europe

(Continued from page 9)

bales in 1964-65, a sharp drop from the crop of 510,000 bales in 1962-63. Production in 1965-66 may total about 400,000 bales, assuming average yields. The trend over the next few years will depend on price-support levels and profitableness of cotton compared with alternatives.

This season's smaller crop has altered the import picture. An intergovernmental group is giving consideration to the country's needs and may decide sometime soon whether additional imports will be permitted this season. It is reported that an import allocation of as much as 60,000-70,000 bales may be made.

Spain imported cotton from 11 countries in 1964, including such traditional sources as the United States and Egypt. The U.S. share declined this season, while purchases of Brazilian, Turkish, and Pakistani cotton registered gains. Some AE was imported several years ago and the Spanish mills liked it, but according to trade sources, the price quotations for AE are not attractive.

Swiss textile activity about normal

The Swiss enjoy a standard of living and a per capita income that are among the highest in the world, but the present labor shortage is having its effect on the economy, including the cotton textile situation. This is one reason why cotton textile production in Switzerland is not likely to increase in the near future. Another is the possible loss of markets in the EEC countries (Switzerland is not an EEC member) to low-cost producing countries.

Currently, the cotton textile industry is operating at a fairly normal pace, and cotton consumption in calendar 1965 is expected to total about 195,000 bales, or a little above average. There has been slower buying of raw cotton this year, partly because mills are well covered following large purchases last year, when imports totaled 45,727 metric tons, up 13 percent from 1963. The United States was a principal supplier in 1964, with 15,420 metric tons, or one-third of the total.

There are possibilities for extra long staple sales in Switzerland. At the present time, spinners are buying Peruvian Pima and Egyptian ELS and are reluctant to change from their traditional sources because of exacting quality requirements. However, about 25 spinners in Switzerland use ELS, and opportunities exist for AE sales because of the many fine-quality textiles manufactured.